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RUCPDOG/DEPT OF COMMERCE WASHDC
RUEATRS/DEPT OF TREASURY WASHDC

C O N F I D E N T I A L ABUJA 001764

NOFORN
SIPDIS

DEPT PASS USAID/AFR/SD FOR CURTIS, ATWOOD AND SCHLAGENHAUF
DEPT PASS TO USTDA-PAUL MARIN, EXIM-JRICHTER

DEPT PASS USTR FOR AGAMA
JOHANNESBURG FOR NAGY
USDOE FOR GEORGE PERSON
TREASURY FOR PETERS, SOLOMON AND RITTERHOFF

E.O. 12958: DECL: 02/04/2029

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SUBJECT: (C) NIGERIA: UPDATE ON THE STATUS OF THE PETROLEUM INDUSTRY BILL

Classified By: Ambassador Robin R. Sanders for reasons 1.4. (b & d).

¶1. (C) SUMMARY: Meetings with the Ministry of Petroleum Resources indicate that the government of Nigeria is working to meet the needs of the stakeholders in the omnibus Petroleum Industry Bill and that the President is "100 percent" behind the bill. Ministry contacts believe that the bill will pass into law before the end of the year. END SUMMARY.

¶2. (C) EconOff met with the President Yar'Adua's Oil and Gas Sector Reform Implementation Committee (OGIC) sub-chairman Dr. Mohammed Ibrahim to discuss the Petroleum Industry Bill (PIB) on September 16 and September 23. Ibrahim has worked on the oil and gas reform with OGIC for 11 years and commonly chairs meetings for the Minister of Petroleum Resources Rilwanu Lukman. Ibrahim briefed that before Lukman forwarded the PIB to the National Assembly he pushed Yar'Adua hard that there was no point in setting the legislative arm in action if the President could not withstand the expected pressure by those who stand to lose with the PIB's reform. According to Ibrahim, the President is "100 percent" behind the bill.

¶3. (C) Ibrahim said Lukman asked him to work with the international oil companies (IOC) to obtain agreement on the top issues regarding oil and gas revenue, profit, taxation, and a common method of calculation. He shared that the IOCs did not pay much attention to the PIB until the second reading. They have been reluctant to share their recommendations of a common formula since that time, but instead continue to send graphs and charts to the Ministry without the back-up papers showing the methods of calculation.

¶4. (C) Ibrahim and Special Advisor to the President on Petroleum Matters Dr. Emmanuel Egbogah met with the IOCs on September 17 and September 23. Ibrahim is confident that they will come to a common ground. He emphasized that the Ministry is working with all stakeholders to meet their needs. He mentioned that a percentage of ownership in oil and gas projects is being offered to many of the local communities. Ibrahim believes the stakeholders with the largest issues will be satisfied by the final reading. He is confident the bill will pass by December, perhaps sooner.

¶5. (C) Comment. The executives of several IOCs were gathering to meet with Ibrahim while he was meeting with USAID Economic Growth and Environment Director, Economic Counselor, and EconOff as they met to discuss USAID's proposed energy program for 2010 on September 23. Ibrahim promised to provide a read-out of those discussions later

this week, and we will follow-up with the IOCs. We will provide a checklist cable on what the Mission has done to date on advocacy on this issue since early in the year. End Comment.

SANDERS